

The Global Data Responsibility Imperative





Introduction

In today's interconnected world, our actions impact one another more than ever. Our supply chains are intertwined, our technology is interoperable and our relationships are interdependent. Businesses have a responsibility to individuals, one another and society as a whole in everything that they do, including how they manage data. Data has the potential to fuel the next century of innovation, but only if our data practices are held to the high standards we all deserve.

This paper presents a vision of how Mastercard believes data can be leveraged in a responsible and secure way to drive relevant benefits for individuals and society. It posits that individuals hold certain data rights and explains why data responsibility is a business and moral imperative. It proposes a model framework for how organizations could approach personal information and lays out principles to guide organizations' data practices. This position paper also characterizes the critical role data has in driving inclusive economic growth across the globe.

We believe that data can be held safely and securely and utilized in ways that are ethical, compliant and of benefit for individuals. Innovation is critical to business success, but not at the expense of the ethical use of data.

"We've got to fundamentally change the way we think about data responsibility – more specifically, to the fact that data responsibility is all of our responsibility."

Ajay Banga,
President & CEO of Mastercard

The Situation

We are at the dawn of the next industrial age—sometimes referred to as the Fourth Industrial Revolution—which gives us new tools to address the needs of businesses, governments, communities and individuals around the world. Our connected world is producing unprecedented amounts of individualized pieces of information—or data—on any number of topics. More than 2.5 quintillion bytes every day. Data is truly one of the most abundant resources available in this new era.

But, is it being used the right way?

Data can advance how companies design products and solutions, as well as relevant and meaningful offers and experiences. Data can help researchers develop new drugs and better deploy aid after hurricanes. It can make cities more convenient for their people and more efficient for society.

Despite the potential that data holds, the reality is that many organizations haven't yet figured out how to best use their data. There are currently no universal guidelines for how organizations should ethically and responsibly handle data.

Widely publicized data gaffes have brought the topic into focus for organizations, regulators and individuals alike. At the same time, Artificial Intelligence (AI) is accelerating innovation and efficiency yet algorithms have in certain instances reinforced biases or spread misinformation.

This situation—which puts trust at risk—is bad for people and it's bad for business.

Business leaders recognize the importance of building trust with individuals through appropriate data handling practices and the associated correlation to revenue.

However, organizations are grappling with how we can do better when it comes to data.

\$3T

annual economic value that could be created by 2020 by connecting data across institutional and geographic boundaries¹

26%

of consumers say companies are doing a very good job handling user' data²

"Data is more than just a valuable business asset; principled, moral data practices are a corporate responsibility. In the long run, companies that build trust through principled uses of data – even when there is a short-term cost – will be best suited to thrive in a data-driven economy."

Jules Polonetsky,

Chief Executive Officer of the Future of Privacy Forum

A Principled Approach To Data

Mastercard believes that our data practices must be guided by the rights of the individuals.

When it comes to data—and treating personal data with decency—we believe that:

01. You own it

Every day you produce data. That data belongs to you.

02. You control it

You have the right to understand and control how your data is shared and used.

03. You should benefit from the use of it

Your data should be used to make your life easier and richer.

04. We protect it

Your data will be kept secure and used responsibly.

Data responsibility for future data programs is about integrity, putting control back in the hands of individuals, staying ahead of the rapidly changing regulatory environment and securely leveraging data insights to help improve people's lives.

Organizations that get this right will be best equipped to succeed in our data-driven future. In fact, forward-looking organizations are already looking at the sustainability of their data practices with ethics as the guiding force.

So, then, how can data be used the right way?



> 90%

The overwhelming majority of individuals and business leaders feel data privacy is universally important²

"We have an opportunity to shape a digital economy that affords individuals transparency and control over their data while also enabling innovation. Through responsible data practices that create trust, organizations can achieve both."

Caroline Louveaux,
Mastercard's Chief Privacy Officer

Responsibility Principles

The following principles will guide our own data practices as we continue our journey as responsible data stewards. We believe these principles can also serve as a guide for like-minded organizations, regardless of size, location or industry.

01. Security & Privacy

Companies must uphold best-in-class security and privacy practices.

02. Transparency & Control

Companies should clearly and simply explain how they collect, use and share an individual's data and give individuals the ability to control its use.

03. Accountability

Companies must keep consumer interests at the center of their data practices.

04. Integrity

Companies must be deliberate in how they use data in order to minimize biases, inaccuracies and unintended consequences.

05. Innovation

Companies should be constantly innovating to ensure individuals benefit from the use of their data through better experiences, products and services.

06. Social Impact

Companies should use their information to identify needs and opportunities to make a positive impact on society.

1/4

of consumers firmly believe companies could deliver these principles today²

93%

of consumers would trust a company that commits to the data responsibility principles.²

"Data holds great promise as a transformative resource for social good."

JoAnn Stonier,

Mastercard's Chief Data Officer

Society is at a pivotal moment. Organizations and whole societies are at a crossroads when it comes to data rights, data use and data protection. We can and must strive for a universal higher standard.

What would this look like?

For individuals, it means greater understanding, control, ownership and, ultimately, the opportunity to benefit from the use of their data, whether that value comes in the form of greater conveniences, access or monetary reward.

For organizations, it's about upholding a higher standard of data practices around the globe: bringing clarity to a complex and quickly evolving landscape, engendering trust that data is used properly and securely, and staying a step ahead of regulation.



It's not about catch up, it's about true leadership that allows individuals, societies and businesses to thrive.

Communities need consistent access to data, to specialized data science expertise and—thus—to the benefits that data delivers. Organizations have an obligation to utilize their data resources in an ethical manner not only for commerce but for the common good. Just think about the problems we can solve by harnessing the best of our for-profit companies for the betterment of our communities.

Data provides the answers to so many of our most pressing questions. It is the fuel for our future innovation. But, earning public trust is critical to moving the data conversation in the right direction. This will only come when organizations commit to ethical practices that foster a more responsible future.

"From climate change to terrorism, the difficulties confronting policy makers are unprecedented in their variety, but also in their complexity. Data, and new methods for organizations to collaborate in order to extract insights from data, is likely to become more central to meeting these challenges. In particular, the vast streams of data generated through digital transactions, mobile phones, social media platforms, GPS devices and other sensors, when analyzed responsibly, can offer insights into societal patterns and behaviors."

Stefaan G. Verhulst,

Co- Founder and Chief Research and Development Officer of the Governance Laboratory at NYU



Case Study

Using Data to Drive Economic Inclusion in New Orleans

Introduction

Insights from aggregated and anonymized consumer transaction data have limitless applications for development research. By allowing researchers to use data-driven insights, the **Mastercard Center for Inclusive Growth** is showing how this information can advise policymakers and researchers and foster positive social impact.

What we did

Mastercard launched the Data Fellows program, a collaboration that brought six highly regarded data scientists from diverse academic and government institutions to spend 12 months collaborating with Mastercard's data scientists. Collectively, they are studying trends and developing insights to help policymakers implement new programs to improve the economic growth and financial inclusion of the world's most vulnerable communities.

How we did it

This program supported the research of Data Fellow Michelle Thompson, an associate professor with the University of New Orleans' Department of Planning

and Urban Studies. Together with Mastercard's data team, the Mastercard Center for Inclusive Growth's new Data Fellows teamed up on a 36-hour "datathon" to gather insights about economic development and financial inclusion in New Orleans. More than 60 volunteers from six offices spent more than 1,000 hours analyzing anonymized Mastercard data, as well as publicly available third-party data, to develop a holistic picture of New Orleans' economic activity.

What we learned

Thompson is using this research to understand a range of economic issues and opportunities in New Orleans. These include how tax incentives stimulate growth and spending in specific neighborhoods, how tourism dollars are spent across neighborhoods and industries, and whether major events such as Mardi Gras and popular tourist areas such as the French Quarter support low-income neighborhoods. Going forward, we will be working with our partners to determine how to build actionable insights from these findings to benefit cities around the country.



References

¹ “Data Collaboration for the Common Good,” World Economic Forum, 2019

² Mastercard-commissioned survey. August 2019

About Mastercard

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For more information, visit <https://www.mastercard.us/DataResponsibility>

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